

called upon to protect itself by similar measures.¹ The step taken in February, 1878, was to announce that the bank would, when occasion required, discount for customers who transacted business exclusively with the bank, at a rate lower than the advertised official rate.³ At its provincial branches discounts are granted at the ordinary local rate. Another departure was the arrangement entered into in 1890 with the Hampshire County Council, by which the funds of the Council on deposit with the bank were to be loaned through its agency and the profits, less a commission, given to the Council.³

The Bank of England is governed by a court of twenty-four directors, and a governor and a deputy governor who serve for a term of one year. The senior director who has not already served is usually made governor and the next in seniority deputy governor. Eight of the directors retire every year, but these are usually the younger ones, so that the older always remain. It is customary to choose young men for vacancies in the board, so that they will be still in the possession of physical vigor when their turn comes to be governor.⁴ Bankers in the strictly English sense, lenders of money for short terms on commercial paper, are not allowed to serve on the board of directors, but this rule does not exclude the leaders of finance who are engaged in other branches of the banking business. It is usually about twenty years from the time of a man's entry upon the board of directors until he is reached in his turn as governor,

¹ Sykes declares that there are at least five rates in London; but one of these is the deposit rate, representing the allowance to depositors by the joint stock and private banks. This is usually fixed one and a half per cent, below the Bank of England rate.—Banking and Currency, 162-163.

² Palgrave, 55.

³ It was stated at this time that the question of paying interest on deposits, which had not before been the practice, "might be raised for consideration."—Turner, *Chronicles of the Bank of England*^ 254-

⁴ Bagehot, *Works*, V., 136.